



# COUNTY OF LOS ANGELES DEPARTMENT OF HUMAN RESOURCES

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*To enrich lives through effective and caring service*

**MICHAEL J. HENRY**  
DIRECTOR OF PERSONNEL

December 11, 2003

To: All Civic Center Department Heads

From: Michael J. Henry  
Director of Personnel

Subject: **COMMUTER BENEFIT PLAN**

This is to provide you with information about the new Commuter Benefit Plan (Plan). This is an enhancement to the current Civic Center Parking Plan that will result in tax savings for employees who park in County lots and pay for their parking fees through payroll deduction. The Plan will become effective January 1, 2004, and the Auditor-Controller will make the necessary adjustments automatically on the February 13, 2004 pay warrants.

A notice to employees announcing the Commuter Benefit Plan is attached. We are asking your assistance in distributing this information to all of your Civic Center employees during the week of December 15, 2003. A similar notice for employees new to the Civic Center will be provided to your Administrative Deputy and Personnel Officer at the beginning of January 2004.

The Commuter Benefit Plan is being implemented in phases, beginning with represented and non-represented Civic Center employees in January 2004. The remaining phases of the Plan will be implemented at a later date, if feasible, and relate to a transit component that would provide a similar tax benefit to employees using mass transit to commute to and from work.

Please call me or your staff may call Marian Hall, Human Resources Manager, at (213) 738-2255 if you have any questions.

MJH:TJH  
MH:EFB

Attachment

c: Each Supervisor  
Administrative Deputies  
Personnel Officers

## **NEW TAX SAVINGS!**

### **COMMUTER BENEFIT PLAN – EFFECTIVE JANUARY 2004**

Beginning in January 2004, all represented and non-represented Civic Center employees who pay fees for an assigned parking space in a County lot ("Parking Participants") will begin receiving a new tax saving benefit. Specifically, Parking Participants will pay for parking fees with pre-tax money. This means that you will pay fees with money that has not been taxed.

### **EXISTING CIVIC CENTER PARKING PLAN**

Currently, most Parking Participants (other than those with reserved spaces) pay \$120 for their monthly parking fee. Parking Participants with reserved spaces pay \$225 per month. This fee is paid through payroll deduction. Part of the cost is, in effect, deducted from a monthly \$70 Traffic Mitigation Allowance provided by the County on a pre-tax basis. Currently, the remaining fee is deducted on an after-tax basis. (County Code, Chapter 5.42 – Civic Center Parking Plan.) For most Parking Participants other than those with reserved spaces, this monthly out-of-pocket, after-tax expense is \$50. If you have a reserved space, your out-of-pocket, after-tax expense is \$155.

Civic Center employees who are not Parking Participants receive the \$70 per month Traffic Mitigation Allowance as taxable cash, and no amount is deducted from their pay for parking fees.

### **TAX SAVINGS UNDER NEW COMMUTER BENEFIT PLAN**

The Commuter Benefit Plan allows Parking Participants to pay their monthly parking fees, up to the specified limit under the Internal Revenue Code, on a pre-tax basis. For 2004, this limit is \$195. The limit may be increased due to inflation in future years.

Thus, **if you are a Parking Participant**, you will receive the \$70 Traffic Mitigation Allowance as an addition to pay, but you will pay no taxes on your full parking fee deduction, up to a maximum of \$195 per month. Any parking fees that exceed \$195 per month, such as for reserved parking spaces, will continue to be deducted on an after-tax basis. Accordingly, most Parking Participants (other than those with reserved spaces) will not pay taxes on the full \$120 that is deducted from their pay each month to cover the cost of assigned parking. Parking Participants with reserved spaces will not pay taxes on an amount up to the \$195 limit, and will have the remaining \$30 per month deducted from their pay on an after-tax basis.

**Please note, parking fees are paid in arrears, which means that your fee for one month is deducted from your paycheck on or about the 15<sup>th</sup> of the following month.**

If you currently are a Parking Participant, unless you elect not to park in an assigned County lot, you will be deemed to elect to continue being a Parking Participant and will begin receiving the benefit of paying your parking expenses on a pre-tax basis beginning January 1, 2004 (i.e., the February 13, 2004 payroll). This pre-tax payroll deduction will continue as long as you are assigned a parking space in a County Civic Center parking lot. No action on your part is required. The County already has your signature on file, authorizing payroll deductions to pay for parking. The only change will be that your out-of-pocket parking expenses will now be paid on a pre-tax instead of an after-tax basis.

**Of course, you may elect not to participate in the Commuter Benefit Plan by choosing to discontinue use of your assigned parking space.** If you do so, you still will receive the \$70-per-month Traffic Mitigation Allowance in taxable cash and no amount will be deducted from your pay for parking. In order to make this election effective as of January 1, 2004, before December 31, 2003 (or earlier, if required by your department), you must turn in your parking permit and complete, sign and return to the responsible person in your department a Commuter Benefit Plan Election Form. In addition, you may elect to cancel your election as of the first day of any month by turning in your parking permit and completing, signing and submitting to the responsible person in your department a new Commuter Benefit Plan Election Form before the start of the month. Please note, because parking is paid "in arrears," a deduction still will be made in the month your participation ends for the parking that you received in the prior month.

***Example:***

Beginning January 1, 2004, a Parking Participant begins participating in the Commuter Benefit Plan. On May 1, 2004, he elects to stop participation in the Plan by discontinuing his use of a County-assigned parking space effective June 1, 2004.

Effective June 1, 2004, he may no longer use his County-assigned parking space. On the June 15, 2004 payday, his salary will be reduced on a pre-tax basis by \$120 (\$70 Traffic Mitigation Allowance and \$50 out-of-pocket) to cover his parking cost for May 2004. In July, his salary deduction will stop, and he will continue receiving the \$70 Traffic Mitigation Allowance as taxable cash.

If you wish to become a Parking Participant again, you will need to contact the responsible person in your department in order to timely execute a new payroll deduction authorization and Commuter Benefit Plan Election Form before the month you begin parking in a County-assigned parking space. You should be aware that if you give up your assigned parking space, it may be unavailable if you later decide that you want to be a Parking Participant again.

**If you currently are not a Parking Participant, you will continue to receive your monthly Traffic Mitigation Allowance as taxable cash.** If you wish to become a Parking Participant and be assigned a parking space in a Civic Center County lot, you will need to contact the responsible individual in your department and execute a payroll deduction authorization form and Commuter Benefit Plan Election Form. Please be aware that parking spaces are limited and may not be available.

The Commuter Benefit Plan is intended to qualify as a qualified transportation fringe benefit plan under Internal Revenue Code section 132(f). The County reserves its right to amend or terminate its Commuter Benefit Plan at any time, subject to any applicable meet and confer requirements. In the unlikely event that any amounts withheld from your pay exceed parking expenses upon your termination from County service, those amounts will be forfeited by you, as required by the Internal Revenue Code.

The County has sole and exclusive authority to make any and all interpretations and decisions regarding payment of parking fees under the Commuter Benefit Plan, including whether the fees constitute a "qualified transportation fringe" benefit under the Internal Revenue Code.

If you have any questions concerning the Commuter Benefit Plan, including the identity of the responsible person in your department, please contact your departmental personnel office.

## **QUESTIONS AND ANSWERS ABOUT THE COMMUTER BENEFIT PLAN**

### **1Q. If I am a Parking Participant, will this Plan affect my paycheck?**

1A. Generally, yes. The Commuter Benefit Plan applies to your previously authorized payroll deduction that is used to pay for your Civic Center parking space. Beginning in January 2004, your full monthly payroll deduction, up to a maximum of \$195, will be used to pay your parking fee on a pre-tax basis. This means that your taxable income is reduced, and the amount of taxes withheld from your pay will be less.

### **2Q. What do I have to do to start receiving this tax benefit?**

2A. Absolutely nothing! As long as you are a Civic Center employee and pay fees for an assigned Civic Center parking space, you will begin receiving this tax benefit automatically.

### **3Q. What will I see on my pay warrant or Direct Deposit notice?**

3A. There will be a new deduction code (455) showing your full parking deduction (up to the Internal Revenue Code limit) as pre-tax. It will be called "Pre-tx Park." Your Traffic Mitigation Allowance will be shown as an addition to pay whether or not you are a Parking Participant.

### **4Q. What if I want to discontinue payroll deductions to pay for parking?**

4A. If you want to discontinue payroll deductions, you must give up your County-assigned parking space. You may elect to cancel your election as of the first day of any month by completing, signing, and submitting to the responsible person in your department a new Commuter Benefit Plan Election Form before the start of the month.

### **5Q. Can I forfeit money under the Commuter Benefit Plan?**

5A. Possibly, in very limited circumstances. Because the amount of your payroll deduction should equal parking expenses, and because your parking expenses are paid in arrears, under most circumstances, there should be no excess amounts withheld under the Plan. In the unlikely event that when you terminate employment or upon Plan termination, amounts have been withheld from your salary that exceed the amount necessary to pay for any past parking expenses, those amounts will be forfeited by you as required under the Internal Revenue Code. **You may not receive a refund of amounts withheld from your salary under the Commuter Benefit Plan.**

### **6Q. How does the Commuter Benefit Plan affect me if I work in the Civic Center but am not assigned to a parking space in a County lot?**

6A. The Commuter Benefit Plan will not affect you. You will continue to receive the monthly Traffic Mitigation Allowance as taxable cash. If, in the future, you choose to be assigned to a parking space in a Civic Center County lot and pay for your parking fees with the Traffic Mitigation Allowance and salary reduction through payroll deduction, the Commuter Benefit Plan and its tax-saving benefit for parking fees will apply.